

REPORT

**INFORMATION REPORT**  
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COUNTRY Germany (Russian Zone)

SUBJECT Mineralölwerk Lützkendorf

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1. Installations and production: The Mineralölwerk Lützkendorf, built during the war, consisted of three sister plants, the crude oil refinery, the hydrogenation plant, and the synthesizing installation.
  - a. The hydrogenation plant, which transformed brown coal into fuels (Betriebsstoffe) with paraffin and "Kirosin" as by-products, was completely dismantled by the Russians.
  - b. The crude oil refinery, which produces lubricating oil, gas, and diesel oil (Dieselkraftstoff), was damaged very little during the war, and by the end of 1946 it was again in production, thanks to the able direction of Dr. Hermann (non-party). The refinery was scheduled to process about 10,000 tons a month of crude oil from Zistersdorf near Vienna, but this goal was never reached because of inadequate supplies of raw material. The main difficulty lay with the Zistersdorf oil, which fluctuated considerably in quality. Sometimes the oil contained between 30 and 40 percent sediment and water. Since this sediment is most abnormal, it appears to be the result of sabotage in Austria. Sixteen tank car trains, which went through Czechoslovakia, delivered the crude oil.
  - c. The synthesizing plant, which uses brown coal to manufacture fuels, paraffin, and "Kirosin", was reconstructed and early in 1948 was experimentally put into production again.

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2. Great difficulties have been encountered in the reconstruction of the Lützkendorf installations because of lack of materials, since the necessary materials, particularly tubes of any kind, could not be obtained by legal means, i.e. through DMK allotments. The acquisition of these materials in large quantities was possible only through compensation deals within the Soviet Zone. Most of the spare parts for the machinery already installed could be obtained

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where are located all the plants which originally supplied the equipment. At first the Russians failed to give any support to the compensation deals necessary to keep the plant going, but eventually the enterprise was able to win a certain amount of approval for these since General Komashov, at that time chief of the SMA's Wirtschaftsgruppe Chemie, agreed that 50 percent of the excess production of fuel could be used for compensation purposes. Likewise, the Saxony-Anhalt Ministry of Economics once put a heavy fine on the technical and commercial directors at Litzkendorf because of their forbidden compensation deals but then tacitly consented to the fine's being paid out of the enterprise's funds. The Litzkendorf enterprise later was usually able to obtain written approval from the ministry for the essential compensation deals, although this was very risky for the parties concerned.

3. Finances: The Litzkendorf enterprise has to be supported by subsidies since prices for its products have remained fixed while costs have risen considerably. Both crude oil prices and transportation costs have increased 20 percent. The monthly subsidies originally amounted to one million DM, [redacted] by October 1949 the subsidies had risen to two million DM a month. In addition, the plant is burdened with debts for its construction work, which by December 1948 had already reached 30,000 DM. There was no covering for this debt.

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4. Management: As of December 1948, the enterprise was directed by the following officials:

Board of Directors (Vorstand):

Three Directors:

Technical Director -- Certificated Engineer Lucha [redacted]

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Commercial Director --

Personnel and Political Director -- Max Gehder (SED).

Three Prokuristen:

Jantzen (non-party).

Gebhard (SPD/SED, but actually anti-SED).

Dr. Eckart (formerly non-party, now SED, but keeps politically neutral), chief chemist.

"Plant Management" ("Werksleitung"):

The Works Council (Betriebsrat): the president plus three other members.

The BGL (presumably Betriebsgewerkschaftsleitung -- Trade Union Board of Directors): the president plus another member.

The Works Council is being increasingly supplanted by the BGL.

5. Personnel: The enterprise had 5,000 employees, the majority of whom were expellees from the East. This group opposed the SED because of its support of the Oder-Neisse border, and the employees as a whole were suspicious of the work incentives initiated by the SED. Originally only 400 of the workers were members of the SED, but by the end of 1948 pressure on the workers had increased this number to 800.

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\* [redacted] Comment: [redacted] the planned production, based on full capacity, as 35,000 tons of crude oil and 45,000 tons of residue.

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